

SENATE BILL 2099

By Jackson

AN ACT to amend Tennessee Code Annotated, Title 67,  
Chapter 7, Part 1, relative to the coal severance  
tax.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 67-7-101, is amended by deleting the section in its entirety and by substituting instead the following:

Section 67-7-101. As used in this part, unless the context otherwise requires:

(1) "Coal products" means coal ore and any other substance that might be severed from the earth by the process of producing salable coal, by whatever method of severance used; and

(2) "Gross value" means gross income from property as defined in Section 613(c) of the Internal Revenue Code and 26 CFR §§ 1.613-3 and 1.613-4 in effect on December 31, 1977.

SECTION 2. Tennessee Code Annotated, Section 67-7-104, is amended by deleting the section in its entirety and by substituting instead the following:

Section 67-7-104.

(a) The measure of the tax shall be four and one-half percent (4.5%) of the gross value of all coal products severed from the ground in this state.

(b) Gross value shall be reported as follows:

(1) For coal severed or processed and sold during a reporting period, gross value shall be the amount received or receivable by the taxpayer;

(2) If the coal is to be sold under the terms of an existing contract, the contract price shall be used in computing gross value; or

(3) If there is no existing contract, the fair market value for that grade and quality of coal shall be used in computing gross value.

In all instances, the gross value shall not be reduced by any taxes, royalties, sales commissions, or any other expense.

SECTION 3. Tennessee Code Annotated, Section 67-7-106(b)(2), is amended by inserting between the language "amount of the tax," and "and other such information" the language "the gross value of the coal,".

SECTION 4. Tennessee Code Annotated, Section 67-7-110, is amended by deleting the section in its entirety and by substituting instead the following:

Section 67-7-110.

(a) The Tennessee coal severance fund is hereby established as a special account in the state general fund. The purpose of this fund is to disburse and account for monies collected as coal severance taxes in order to provide funding for public policies for the assistance of counties affected by coal mining, the reclamation of land and waters damaged by prior mining, and programs for energy conservation and solar energy generation.

(b) Monies in the trust fund shall be invested by the state treasurer, in accordance with the applicable general law, except as qualified by this part. The state treasurer shall hold the trust fund separate and apart from all other monies, funds and accounts.

(c) Any balance remaining unexpended in the fund at the end of a fiscal year shall be carried forward into the subsequent fiscal year.

(d) Investment earnings credited to the assets of the trust fund including, but not limited to, interest shall be carried forward into the subsequent fiscal year.

SECTION 5. Tennessee Code Annotated, Title 67, Chapter 7, Part 1, is amended by adding the following as a new, appropriately designated section:

Section \_\_\_\_.

(a) All revenues collected under this part less an amount of three percent (3%) of the tax and all penalties collected, which shall be retained by the department and credited to its current service revenue to cover the expenses of administration and collection, shall be remitted by the commissioner to the state treasurer for deposit into the Tennessee coal severance fund.

(b) From the fund, an amount equal to fifteen percent (15%) of the revenue from coal severed in a county shall be remitted by the state treasurer to the county in which the coal products were severed for the following specific purposes:

(1) One half (1/2) of all revenues collected shall be used for the educational system or systems of the county; and

(2) The remaining one half (1/2) of all revenues collected shall be used for highway, other transportation infrastructure and programs and stream cleaning activities of the county.

(c) From the fund, an amount equal to seventy percent (70%) shall be remitted by the state treasurer to the energy division of the department of economic and community development for programs of grants and loans for residential energy conservation under the authority granted by § 4-3-710(1), and solar energy under the authority granted by § 4-3-709(1)(F) and (2)(G).

(d) From the fund, an amount equal to fifteen percent (15%) shall be remitted by the state treasurer to the Tennessee surface mine reclamation fund

for use by the department of environment and conservation for the acquisition  
and reclamation of land disturbed by past coal mining as provided in § 59-8-212.

SECTION 6. This act shall take effect July 1, 2007, the public welfare requiring it.